

Total Compensation Advisory Council (TCAC)
Minutes of the Meeting of April 22, 2005

Present: Mary Ann Myer
Joe Nicolini
John Postolowski
Deb Roberts

DPA Dave Kaye
Vinita Biddle
Sue Huang

Mr. Kaye chaired the meeting, the minutes from the February 25, 2005, were approved as written.

Benefits Update: Ms. Biddle updated the Council on the different areas in the Benefit programs. The Employee Benefits Unit (EBU) has been working hard to improve efficiency and accuracy of the enrollment and the communication process. The enrollment for FY 2005-06 is an active enrollment. There is no carry-over for employee's benefit enrollment other than optional life and long-term disability. Employees will need to use on-line or paper to update beneficiary for their selected benefit programs. EBU would like to have active waivers from employees for not choosing the State's benefit programs in order to further understand the workforce's choice.

The active enrollment started April 18, and EBU has received more positive feedback. The call-center that was set up to assist employee's on-line enrollment has been helpful. Great-West (GW) has done many enrollment meetings (140 so far) and will continue to assist state agencies in this active enrollment process. GW has been doing its Disruption Analysis to make sure to penetrate into rural areas to increase network providers. In addition to its network providers, GW will supplement with its borrowed providers to increase the employees' access to health providers where the GW network is inadequate.

Ms. Roberts raised a question on behalf of her employees, i.e., Kaiser is not available in Pueblo. The State cannot dictate where Kaiser provides its services. Ms. Biddle did not think that there is an immediate plan for Kaiser to expand its services to the Pueblo area. The self-funding program is designed to allow more options for the workforce and it would not be effective to give up an efficient fully funded program such as Kaiser in order to be "fair" to all state employees.

In terms of communication to the workforce, EBU has been sending out HealthLines, Benefit Communiques, and enrollment instruction "scripts" to agency benefit administrators and payroll staff in order to provide consistent messages to state employees.

EBU has received many questions regarding the HSA (Health Spending Account) program. Please refer to HealthLine article regarding this program. Although the contributions to the HSA program are on a post-tax basis, the contributions reduce taxable income, similar to an IRA, when a participant files his or her federal return, according to Ms. Biddle. Employees can use

the account to pay for medical related expenses. Unused funds rollover to the next year (unlike Flexible Spending Accounts, where employees would have to forfeit the unused balance). Mr. Nicolini asked the difference between imbedded and aggregate deductibles. For PPO-H, the aggregate family deductible must be reached before benefit starts (other than preventive treatments). For PPO-1500 and PPO-3500, imbedded deductible applies, i.e., once a family member's individual deductible is met, the benefit begins. Ms. Biddle stated that while EBU cannot recommend to employees which plan designs are better for them, the Unit will develop a tool so that employees may play "what-if" exercises to decide which plan works out best for them given their own individual medical care utilization.

Total Compensation Update: Ms. Huang updated the Council of the total compensation program activities. The Long Bill was passed and an across-the-board of 3% salary adjustment will be implemented beginning July 1, 2005, for those employees who receive a level 2 or higher rating. Some employees may receive lower than 3% base salary adjustment if the 3% adjustment would make their base salaries exceed their new range maximum rates.

Ms. Huang also informed the Council that Mr. Schutt, Mr. Kaye, and Ms. Fassler will have meetings with employees statewide to talk about the Department's effort in reaching prevailing employer benefit contributions and our five-year strategic total compensation plan. The Division of Human Resources (DHR) will send out a schedule of all meetings to the Council so that the Council members can encourage their employees to attend the meetings and give DHR feedback regarding the State's total compensation program. Mr. Kaye stated that the 3% across-the-board salary adjustment (with the condition of proficient performance or better) does not mean that DPA abandons performance pay. Mr. Schutt and Mr. Kaye met with Senator Tapia, Chair of the Joint Budget Committee, who strongly supports the idea of performance pay. Together, the State will seek more funding to provide more meaningful performance awards to its employees. In response to Mr. Nicolini's question, Ms. Huang shared with the Council that DHR is developing a total compensation statement tool so that employees will have a better idea of what the State is investing in its employees on both salaries and benefit cost.

Legislative Update: Mr. Kaye updated the Council on several pieces of legislations or pending bills:

Bills signed by the Governor:

SB05-209 – Long Appropriation Bill for FY- 0506.

SB05-093 – signed by the Governor concerning the ability to attach public pension benefits if the pension participant engages in misconduct in connection with public property.

SB05-172 – A bill sponsored by the JBC to place limitations on the expenditure of moneys in the group benefit plans reserve fund such that the moneys in the group benefit plans reserve fund shall be expended only for the purposes of the premium stabilization reserve account, premiums, claim costs, and other administrative fees and costs associated with the group benefit plans.

HB05-1231 – Signed by the Governor to provide technical confirmation to SB04-257. This is a clean up bill to last year's legislation on defined contribution retirement plans for new employees beginning January 1, 2006.

Pending Bills:

SB05-73 - Specifies that amounts paid in connection with the employment of a service retiree of the Public Employees Retirement Association (PERA) by a PERA employer. It defines the nature of the employment relationship between a retiree of PERA and an employer for purposes of determining any reduction of a service retirement benefit for employment after service retirement.

SB05-23 – The bill (laid over 5/12) is about prohibition on state contracts for services being performed outside of the United States, and, in connection therewith, enacting the "Keep Jobs in America Act".

SB05-21 – Concerning parental leave (has impact on the State's leave policy) for parents whose children are participating in school-related activities. Allows an employee of any employer who employs at least 10 employees to take unpaid leave for the purpose of attending parent-teacher conferences or other school activities related to the educational advancement of the employee's child.

HB05-1101 –This bill would extend health coverage to unmarried dependents up to age 25. The dependents do not have to be full-time students but must live in the parent's residence and be financially dependent. It allows the parent to purchase a rider or supplemental for a premium.

Bills PI'd

HB05-1112 - Concerning the impairment rating used to determine permanent partial disability benefits for an employee who is injured on the job.

TCAC members were encouraged to contact Judi Karg for next meeting agenda items.

Tentative Agenda for June 24, 2005 meeting:

Benefit/Enrollment Update

Total Comp Update

Legislative Update